

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

ATMEL CORPORATION,

Plaintiff,

v.

AUTHENTEC INC,

Defendant.

No. C-06-02138 CW (EDL)

**ORDER GRANTING IN PART AND
DENYING IN PART PLAINTIFF'S
MOTION FOR ADDITIONAL TIME TO
COMPLETE DEPOSITIONS;
GRANTING IN PART AND DENYING IN
PART DEFENDANT'S RENEWED
MOTION TO COMPEL AND DENYING
WITHOUT PREJUDICE PLAINTIFFS'
MOTION FOR LEAVE TO TAKE
DEPOSITIONS OF THIRD PARTY
CUSTOMERS, NON-PARTY LEXAR
MEDIA'S MOTION TO QUASH,
DEFENDANT'S MOTION TO COMPEL
COMPLETION OF DISCOVERY,
PLAINTIFF'S MOTION TO COMPEL
DEPOSITION OF JEFF LEE;
PLAINTIFF'S MOTION TO COMPEL
PRODUCTION OF DOCUMENTS AND
DEFENDANT'S MOTION TO COMPEL
DEPOSITIONS**

On January 30, 2008, the Court held a hearing on Plaintiff's Motion for Additional Time to Complete Depositions (docket number 264) and Defendant's Renewed Motion to Compel (docket number 273). For the reasons stated at the hearing, the Court issues the following Order.

Plaintiff's Motion for Additional Time

Plaintiff's Motion for Additional Time to Complete Depositions seeks a total of twenty-nine more hours with six deponents who have all previously been deposed on the grounds that Defendant produced relevant documents after the initial depositions of these witnesses. Specifically, Plaintiff

1 seeks to depose Scott Moody, Defendant's co-founder, chairman and CEO, for seven additional
2 hours, Dave Setlak, Defendant's co-founder and Chief Technical Officer, for six additional hours,
3 Art Stewart, Defendant's Vice President of Worldwide Sales, for five additional hours, Peter
4 Sherlock, Defendant's Vice President of Product Development, for four additional hours, Larry
5 Ciaccia, Defendant's President, for four additional hours, and Michael Boshra, a technical staff
6 member, for three additional hours. As part of the meet and confer process, Plaintiff proposed a cap
7 of twenty hours for Plaintiff's additional depositions and seven hours for additional depositions that
8 Defendant sought to take, to be allocated among deponents as each party saw fit. Defendant
9 proposed fourteen hours each. For the reasons stated in the papers and by the Court at the hearing,
10 Plaintiff shall have twenty hours of additional deposition time to be allocated as it sees fit among the
11 six deponents at issue in this motion. Defendant shall have nine hours of additional deposition time
12 to be allocated as it sees fit for additional depositions of Mr. Mainguet and Mr. Charrat. Counsel
13 should keep in mind that the primary function of these depositions is to question the witnesses about
14 recently produced documents.

15 **Defendant's Renewed Motion to Compel**

16 **Licensing agreements**

17 Defendant seeks to compel production of all semiconductor patent licenses, and in particular,
18 the 1998 Harris Corp. agreement, the 2000 ST Microelectronics agreement, and the 2003 Patent
19 License Agreement referenced in Plaintiff's Form 10Q filing with the SEC. Plaintiff resists
20 discovery of these agreements on the grounds that they are actually settlement agreements
21 containing licenses and that they are not relevant because they do not concern the patents-in-suit.
22 See Opp. at 2-3.

23 The definition of relevance for purposes of discovery is quite broad. Here, these agreements
24 at a minimum have some relevance to damages even if they do not involve the precise patents-in-
25 suit, and so must be produced. See Andelman Decl. Ex. A at 3 (article regarding the 1998 Harris
26 agreement stating that there is a cross-license agreement "effectively ending all patent disputes and
27 possible litigation between the two companies"); Andelman Decl. Ex. A at 2 (article regarding the
28 2000 agreement with ST Electronics stating that the companies "settled" their disputes and entered

1 into a broad cross-license agreement); Andelman Decl. Ex. F at 13 (2003 SEC filing stating that
2 Plaintiff entered into a patent license agreement which “cross-licensed significant patent portfolios
3 of each company.”). Plaintiff is improperly focused on whether these agreements are admissible
4 rather than discoverable.

5 Accordingly, Plaintiff shall produce all licensing agreements, including but not limited to the
6 three raised by Defendant. After production, Plaintiff shall provide declarations from the person(s)
7 most knowledgeable affiliated with Plaintiff’s company, not outside counsel, for each Plaintiff entity
8 detailing the search done for these documents.

9 **Search of Steve Laub’s e-mail and notes**

10 Defendant has made a showing that there is a serious question whether Plaintiff has properly
11 searched the e-mail account and files of Plaintiff’s CEO Steve Laub for responsive documents.
12 Plaintiff’s Rule 30(b)(6) deponent testified that he did not know whether the files of Mr. Laub have
13 been searched in response to any discovery requests in this litigation. See Supp. Andelman Decl.
14 Ex. H at 166:12-18. Further, the deponent testified that he did not know whether the e-mail
15 accounts of the nine people who work in the hardware and software fingerprint products were
16 searched. See id. at 103:17-104:1.

17 Defendant is particularly concerned with commentary from or to Mr. Laub regarding several
18 presentations regarding the technology at issue. Plaintiff points out that it produced those
19 presentations. Production of the presentations, however, without searching for any commentary or
20 notes about them, is insufficient. Failure to search the Chief Executive Officer’s e-mail for
21 responsive documents is not consistent with Plaintiff’s discovery obligations. Accordingly, Plaintiff
22 shall search for commentary to and/or from Mr. Laub regarding Authentec and/or the presentations
23 in Mr. Laub’s work e-mail account, his notes and his personal computer for the time period from
24 when Mr. Laub became employed with Plaintiff (which Plaintiff represented was after this lawsuit
25 was filed) to the present. In addition, Plaintiff shall search for the same documents, if it has not
26 done so already, in the e-mail accounts of the nine employees who work in the hardware and
27 software fingerprint products referenced by Mr. Charrat in his deposition from the time the lawsuit
28 was filed to the present. See Supp. Andelman Decl. Ex. H at 103:17-104:1. Production shall be

1 complete no later than February 15, 2008. In addition, Plaintiff shall provide declaration(s) from the
2 person(s) most knowledgeable affiliated with Plaintiff's company, not outside counsel, detailing the
3 search done for these documents.

4 **Dautriche/Vellou documents**

5 Defendant argues that Plaintiff has not produced relevant documents, specifically an
6 abandoned patent application, regarding work done relating to the conception and reduction to
7 practice of the '114 patent by Vellou and Dautriche. Plaintiff argues that any such documents would
8 be irrelevant because the work is unrelated to the patents-in-suit. Plaintiff further states it has
9 conducted a diligent search, including contacting the law firm of Marks & Clark, but that no
10 responsive documents exist. Accordingly, Plaintiff shall serve a declaration or declarations from the
11 person(s) most knowledgeable detailing the investigation conducted to find responsive documents.

12 **Written discovery**

13 Defendant argues that Plaintiff has failed to comply with the Court's prior Order to
14 supplement its responses to interrogatories because the responses are qualified as based on
15 investigation to date. See, e.g., DeMory Decl. Ex. 17 at 5:24. In particular, Defendant seeks further
16 responses to interrogatory number 7 and the related requests for admission numbers 2, 3, 5, 6, 26,
17 28, 41, 42, 45, 46, 55 and 56. Plaintiff argues that the requests for admissions posed by Defendant
18 called for legal conclusions. The Court is not convinced that this objection is well-taken, but
19 resolves the issue, as stated at the hearing, by ordering Plaintiff to answer the following two factual
20 requests for admission in lieu of the twelve requests listed above: (1) Admit that there were other
21 licensees other than Plaintiff to the patents-in-suit as of the time the complaint was filed; and (2)
22 Admit that Thales has a license to the patents-in-suit with the right to sub-license. If Plaintiff admits
23 that there are other licensees, it shall identify them. Plaintiff shall respond to this discovery no later
24 than February 15, 2008 and do so without any improper qualifications, such as "based upon
25 currently available information."

26 With respect to interrogatories 8 and 9, Plaintiff contends that there are no responsive
27 documents with respect to Innometriks, even though it recently entered into a covenant not to sue
28 agreement with Innometriks. At the hearing, Plaintiff's attorney acknowledged not doing any

1 investigation to determine how negotiations and discussions about the covenant not to sue agreement
2 were carried out with Innometriks without leaving any paper (or electronic) trail of responsive
3 documents.¹ Plaintiff shall provide a declaration from the person(s) most knowledgeable affiliated
4 with Plaintiff's company, not outside counsel, satisfactorily explaining how this occurred, if it did,
5 or produce the documents.

6 **In camera review of AML034349**

7 Plaintiff shall provide this document to the Court for an in camera review no later than
8 January 31, 2008.

9 **Motions set for hearing on February 5, 2008 and February 12, 2008**

10 On December 18, 2007, Lexar Media filed a Motion to Quash, which was set for hearing on
11 January 30, 2008 and continued to February 5, 2008. On December 21, 2007, Plaintiff filed a
12 Motion for Leave to Take Depositions of Third Party Customers, which was set for hearing before
13 Judge Wilken, who referred the motion to this Court, where it was set for hearing on February 5,
14 2008. On January 3, 2008, Plaintiff filed a Motion to Compel Deposition of Jeff Lee and Defendant
15 filed a Motion to Compel Discovery, both set for hearing on February 12, 2008. On January 4,
16 2008, Plaintiff filed a Motion to Compel and Defendant filed a Motion to Compel Depositions, both
17 set for hearing on February 12, 2008.

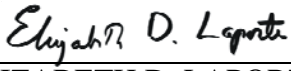
18 The parties acknowledged at the January 30, 2008 hearing that, despite the Court's
19 December 3, 2007 Order to the contrary, lead counsel had not met and conferred in person prior to
20 the filing of the motions. Accordingly, all of these motions are denied without prejudice. As stated
21 in the December 3, 2007 Order, lead counsel shall meet and confer in person regarding any pending
22 discovery disputes and before filing any future discovery motion. Henceforth, the parties must seek
23 leave from this Court to file a discovery motion by filing and faxing a joint letter, no longer than two

24 ¹ Cf. Qualcomm Inc. v. Broadcom Corp., 2008 U.S. Dist. LEXIS 911 (S.D. Cal. Jan. 7,
25 2008) (finding discovery misconduct and sanctioning counsel who failed to conduct a reasonable inquiry
26 into the adequacy of their client's document search and production: "Thus, the Court finds it likely that
27 some variation of option four occurred; that is, one or more of the retained lawyers chose not to look
28 in the correct locations for the correct documents, to accept the unsubstantiated assurances of an
important client that its search was sufficient, to ignore the warning signs that the document search and
production were inadequate, not to press Qualcomm employees for the truth, and/or to encourage
employees to provide the information (or lack of information) that Qualcomm needed to assert its
non-participation argument and to succeed in this lawsuit.").

1 pages, setting forth the disputes. The Court's fax number is 415-522-2002. The letter shall set out
2 the dispute point by point, with each party's position following the description of each point. The
3 Court will decide whether to set a briefing schedule and hearing, and will instruct the parties as to
4 the format of the briefs.

5 **IT IS SO ORDERED.**

6 Dated: January 31, 2008



ELIZABETH D. LAPORTE
United States Magistrate Judge